AN ECONOMIC DEVELOPMENT OF UNORGANIZED RETAIL SECTOR IN LATUR DISTRICT

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Introduction:

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around eight per cent of the employment in India. The country is today the fifth largest global destination in the world for retail.Several corporates have planned to exploit the opportunities in the Indian retail space, such as Reliance Industries Ltd (RIL), which has lined up capital expenditure of Rs. 1.8 trillion (US$ 29.41 billion) for the next three years for its petrochemicals, telecom and retail ventures.

With the growth in the retail industry, the corresponding demand for real estate is also being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international.

Government Initiatives:

In the Union Budget 2014-15, the Government of India announced a reduction in the excise duty from 12 per cent to six per cent on footwear with retail price exceeding Rs 500 (US$ 8.17) per pair but not exceeding Rs 1,000 (US$ 16.34) per pair.

The Government of India has also proposed the Goods and Services Tax (GST). Once implemented it will simplify the supply chain and bring down prices. This will help to boost the Indian retail sector.

It has also formulated specific regulations for foreign investors; for instance, global chains planning to set up cold storages and warehouses in India will now need to invest only 50 per cent of the initial compulsory investment of US$ 100 million.

Road Ahead:

Driven by a combination of demand, supply and regulatory factors, the Indian retail sector is set to grow rapidly with a gradual shift toward organized retailing formats. Organized retail penetration is expected to increase from 7.5 per cent in 2013 to 10 per cent in 2018 at a robust CAGR of 19-20 per cent during that period.

Tier-II and Tier-III cities such as Jaipur, Nagpur, Ludhiana, Vadodara, Aurangabad, Kochi, etc., are emerging as the new 'hot spots' of consumption. Organized retailers are increasingly setting up stores in these smaller cities with increasing focus on profitable growth in the sector. E-commerce is also expected to be the next major area for retail growth in India. Along with this, achieving profitable growth and inventory management are also some major areas of focus in the times ahead for the retail companies in India.

Indian apparel retail is divided between two sectors: organized and unorganized. Organized retail involves the sale of merchandise by licensed retailers. ***The unorganized retail sector in India refers to the traditional retailing formats of pavement vendors, mobile vendors, and traditional local kirana shops. Unorganized retail generally involves the sale of unbranded merchandise.***

Sales through the unorganized retail sector are predominant in India with the organized retail sector being a lot smaller. It is estimated that over 95% of retail in India

is done through the unorganized channel. However, as the employment rate and disposable income levels have risen over the years, consumers in India have begun to turn increasingly towards branded products and there has been a shift towards the organized retail channel.

The entry of multinational companies and other organized retailers is impacting the structure of the retail industry in the country. There are various extremes of retail outlet with small local kirana stores being located in convenient locations, offering local produce and merchandise and a personalized service. At the other end of the spectrum there are large hypermarkets and megastores offering a range of products, often at a lower price, with a less personalized service.

The potential for huge growth in the organized retail sector leaves a big potential market for players to access. This could lead to a situation where the retail landscape in India changes considerably. However, with the continued dominance of unorganized retail in India, it remains to be seen whether organized retail will become the norm for the majority of Indian consumers.

Local terms:

Organized retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local corner shops,

owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Organized retailing will absent in most rural and small towns of India in 2010. Supermarkets and similar organized retail accounted for just 4% of the market.Most Indian shopping happens in open markets or numerous small grocery and retail shops. Shoppers typically wait outside the shop, ask for what they want, and cannot pick or examine a product from the shelf. Access to the shelf or product storage area is limited. Once the shopper requests the food staple or household product they are looking for, the shopkeeper goes to the container or shelf or to the back of the store, brings it out and offers it for sale to the shopper. Often the shopkeeper may substitute the product, claiming that it is similar or equivalent to the product the consumer is asking for. The product typically has no price label in these small retail shops; all packaged products must display the maximum retail price above which the product cannot be sold. It is a criminal offence to do so. The shopkeeper can price the food staple and household products arbitrarily, and two consumers may pay different prices for the same product on the same day but never will those price be above the maximum retail price. Price is rarely negotiated between the shopper and shopkeeper. The shoppers usually do not have time to examine the product label, and do not have a choice to make an informed decision between competitive products.

India's retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians (3.3% of Indian population).The typical Indian retail shops are very small. Over 14 million outlets operate in the country and only 4% of them

being larger than 500 sq.ft.(46 m^2) in size. India has about 11 shop outlets for every 1000 people. Vast majority of the unorganized retail shops in India employ family members, do not have the scale to procure or transport products at high volume wholesale level, have limited to no quality control or fake-versus-authentic product screening technology and have no training on safe and hygienic storage, packaging or logistics. The unorganized retail shops source their products from a chain of middlemen who mark up the product as it moves from farmer or producer to the consumer. The unorganized retail shops typically offer no after-sales support or service. Finally, most transactions at unorganized retail shops are done with cash, with all sales being final.

Until the 1990s, regulations prevented innovation and entrepreneurship in Indian retailing. Some retails faced complying with over thirty regulations such as "signboard licenses" and "anti-hoarding measures" before they could open doors. There are taxes for moving goods to states, from states, and even within states in some cases. Farmers and producers had to go through middlemen monopolies. The logistics and infrastructure will very poor, with losses exceeding 30 percent.

Through the 1990s, India introduced widespread free market reforms, including some related to retail. Between 2000 to 2010, consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organized retail industry.

India retail reforms:

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand Indian retail, forbidding foreign groups from any ownership in supermarkets,

convenience stores or any retail outlets, to sell multiple products from different brands directly to Indian consumers..

Challenges in Retail Sector:-

Total retail employment in India, both organized and unorganized, account for about 6% of Indian labor work force currently - most of which is unorganized. This about a third of levels in United States and Europe; and about half of levels in other emerging economies. A complete expansion of retail sector to levels and productivity similar to other emerging economies and developed economies such as the United States would create over 50 million jobs in India. Training and development of labor and management for higher retail productivity is expected to be a challenge.

The main objectives of the study are:

1. To study the demographic profile of the customers visiting and shopping at unorganized retail outlets.

2. To study various tangible and intangible factors influencing the customer's attitudes regarding the store choice decisions.

3. To know the factors considered important while purchasing different products in unorganized retail out lets.

4. To study the satisfaction level of the people regarding the products and services provided by unorganized retail outlet.

5. To identify the compulsive antecedents while purchasing a product from the retail outlets.

6. To study the importance of technology driven unorganized retail sector in the modern marketing concept.

Hypothesis of the Study:-

1. Unorganized Retailers are under Dispersion about undue influence.
2. Unorganized Retailers unknown about their rights.
3. Unorganized Retailors want to Motivate from Government.

Data & Methodology:

Research is not only aimed at revision of the facts and building an up-to-date knowledge but also to discover new facts involved through the process of dynamic changes in the society. Research Methodology is a way to systematically solve the research problems under study.

Research Methodology:

Research in common parlance refers to a search for knowledge. The dictionary meaning says, research is "careful investigation or inquiry especially through search for new facts in any branch of knowledge". Research is actually to explore something new. We all possess the vital instinct of inquisitiveness. When the unknown confronts us, we wonder and our inquisitiveness makes us to probe and attain full understanding of the unknown. This inquisitiveness leads us to knowledge and the methods employed for obtaining this knowledge pave the way for research.Research comprises defining and redefining the problems, formulating hypotheses and suggests solutions, collecting, organizing, and evaluating data, making deductions and reaching conclusions. Research methodology helps us to systematically solve the research problem. It is formed as many

dimensions and research methods. Every kind of research study initiates from defining the research problem. The present study titled, Unorganized Retail sector in Marathwada Region has also been initiated with looking into the demographic profile of the customers' of unorganized retail outlet in India and their attitude towards purchasing the products from unorganized retail outlet.

Scope of Study:

The scope of present study has been restricted to state of Marathwada Region In the study Eight major cities like Aurangabad, Nanded, Beed, Latur, Osmanabad, Jalna, Hingoli, Parbhaniwill be select. The cities were selected on the basis of recent developments in terms of opening of different retail formats in unorganized retail in these cities. In the Regions cities will selected to cover wider and diverse perspective of customers which has helped in making comparative analysis of various outlets as well.

Sampling Plan:-

Population: Since we are studying behavior of the people may it be related to store choice or various products preferred or satisfaction regarding various retail outlet services etc. It became obvious that population will be all those customers who visit and shop at the retail outlets.

Sampling Unit: A single customer visiting frequently in unorganized retail outlets for shopping.

Sampling Technique: Sampling technique adopted for the study will be Non Probability Purposive and Conveniences sampling.

Sampling Size:

Sample size for the study will400 respondents from selected cities of Marathwada Region (50sample taken from each district). These cities will select on the basis of development in unorganized retailing. Since the respondents are those individuals who are visiting the retail outlet so focus of the study on these areas will help us in getting Valid and reliable results. No. of Sample units taken for the study will equal in all the selected cities for the study.

Data Analysis and Interpretation:

Data collected will analyzed by using various statistical and graphical techniques such as mean, averages and chi Square test. Multivariate statistical technique Like SPSSwill also be usedas per the quantification and relevance of data to get better understanding of phenomenon under study.

Data collection:

Data will collect by both primary and secondary sources. Primary data will collect through structured undisguised questionnaire which will filled by the respondents visiting and shopping frequently at retail outlets in Selected Districts. The prepared questionnaire willtested for "Reliability & Validity' by applying various techniques available. Secondary data will collect from District Statistical office, Collector Office, Nagar Palika, Gram Panchyat, Tahsil Office, ZillaParishad, News Papers, Magazines etc.

Instrument of Data Collection

Measurement is a process of mapping aspects of a domain onto other aspects of a range, according to some rules of correspondence. Scaling describes the procedure of

assigning number to various degrees of opinion and attitudes. This can be done in two ways i.e.

(i) Making a judgment about some characteristics of some individual and then placing him/her directly on the scale.

(ii) Constructing questionnaire in such a way that the score of the individual responses assigns him/her a place on a scale.Once the type and size of the sample has been determined, the next task is to select the various tools to be used to collect data from the identified universe. Depending upon the various considerations such as objectives of the study, suitability of the test,competency of the researcher to control the administration and interpretation of the results, the tool has been prepared by the researcher.

Secondary data regarding the emergence, of retail sector, major initiatives, challenges and opportunities in the unorganized retail sector willtake from various websites, books, journals, magazines, news clippings etc. Data regarding various research papers to support research objectives will also take from online web sources like proquest, emrald etc.

Study Period:-

The Researcher will be study period is taken during 2009-2014.

The Limitation of the study:-

The study has been conducted with immense responsibility keeping in the mind the fact that the success of first step is deemed necessary to have the second one. Proper planning has been done to analyze all aspects and related factors of the study. Allprecautions have been taken to evolve a systematic study to reduce the element of

basisto its lowest extent. The data will collect through personal interaction and every effort will made to observe consistency throughout. The statements of the scale will well explained and every response has been recorded properly. Every effort has been made to make the study comprehensive but due to the small sample size as compared to the universe, basis or resistance in the respondents' response due to some personal reasons, lack of published/unpublished direct literature on the study, time constraints and frequent developments/changes in the field, there could be some limitations also.

PROPOSED CHAPTER SCHEME

Chapter – I Introduction.

Chapter – II Research Methodology &Review of Related Literature.

Chapter – III Profile of Marathwada Region.

Chapter- IV Structure of Unorganized Retail Sector.

Chapter – V Data Analysis and Interpretation.

Chapter – VI Findings, Suggestions & Conclusion.

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Research Guide

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